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SUBJECT: URUGUAY: DAS BASTIAN TOUTS U.S. BUSINESS' ROLE IN
URUGUAY, MEETS PRESIDENTIAL CANDIDATE MUJICA

SUMMARY

¶1. (U) SUMMARY: Department of Commerce DAS Walter Bastian stressed opportunities for commercial and technical exchange with Uruguay, especially at the state level, and emphasized to U.S. business representatives the importance of corporate social responsibility and their roles as representatives of the U.S. During his October 1-2 visit, Bastian met with the Minister of Industry, Uruguay,s chief trade negotiator, Presidential candidate Jose Mujica, and had lunch with members of the American Chamber of Commerce. He participated in a press round table and met with one of Uruguay,s leading experts on innovation to discuss ways to leverage Uruguay,s experience developing its One Laptop Per Child program, Plan Ceibal. END SUMMARY.

MINSTER OF INDUSTRY - RAUL SENDIC

¶2. (SBU) Bastian met Minister of Industry, Energy and Mining (MIEM) Raul Sendic and his deputy Roberto Kreimerman. Sendic described the GOU,s energy policy, focused on developing alternative energy, interconnection with Brazil and Argentina, upgrading its oil refinery and exploration of potential off-shore natural gas deposits. Sendic, who was president of the state oil company ANCAP until September, also identified software development, shipyards, auto parts and textiles as key sectors in which Uruguay was well positioned for future growth. He said while Uruguay had dodged some of the worst effects of the global economic crisis, the textiles and wool apparel sector had been hit hard. Bastian congratulated the Ministry for its role following up on the Competitiveness Forum in Atlanta by holding its own regional Innovation Forum for each of the past two years. He suggested that the Department of Commerce work with the Embassy to set up video conferences to highlight opportunities in Uruguay in sectors such as software and textiles. The key first step would be to raise awareness among potential partners in the U.S. of the opportunities in Uruguay. He mentioned North Carolina,s successful transformation of its poor economy and moribund traditional textile sector into a leader in several areas, including micro-fibers and high tech fabrics. Sendic mentioned recent MIEM efforts to promote corporate social responsibility (CSR), a relatively new concept in Uruguay.

LEVERAGING URUGUAY,S EXPERIENCE WITH ONE LAPTOP PER CHILD
PROGRAM

¶3. (U) Miguel Brechner, President of Uruguay,s Technological Laboratory, and board member of its Innovation Agency, sought ways to leverage Uruguay,s unique experience

as the first country to achieve universal primary school-age coverage with the One Laptop Per Child program) Plan Ceibal. Brechner asked for help getting U.S. researchers and educational specialists to come to Uruguay and investigate its experience with One Laptop Per Child. Brechner envisions Uruguay as case study for research on educational, social, medical impacts, among a wide variety of other research fields. Brechner emphasized that Uruguay could potentially bring IDB funds to the table as a matching contribution. Bastian agreed to raise the idea with the U.S. Executive Director at the IDB in an upcoming meeting. He also offered to facilitate a conversation with academic experts from the U.S. to generate ideas with Brechner,s team on a specific proposal.

14. (U) Brechner also sought ideas on how the U.S. could support identifying new projects for a core group of 90 staff (mostly engineers) who have worked on the One Laptop Per Child program. The unit oversaw the development and roll-out of the program in Uruguay, created content for the computers and coordinated its integration into the curriculum. He said Plan Ceibal has signed a MOU with Nicolas Negroponte,s One Laptop Per Child team at MIT to support the roll out of the program in other countries, especially in Latin America. Brechner asked Bastian and the Embassy to help make Uruguayan know-how on One Laptop Per Child available.

CHIEF TRADE NEGOTIATOR - ALVARO ONS

15. (SBU) In a conversation with Chief Trade Negotiator Alvaro Ons on next steps for the Trade and Investment

Framework Agreement (TIFA), Ons asked for expert advice on standing up a GOU purchasing system that would promote development and for trade facilitation related to customs operations. Bastian suggested state-level procurement would be better a model for Uruguay given its purchasing volumes. Bastian offered to discuss with USTR possibilities to bring customs officials, state procurement officials and/or U.S. trade attorneys to Uruguay to share best practices, in person or via video conference. Ons also reiterated Sendic,s points in para 3 that Uruguay,s textile and apparel sector was an area of key focus for the GOU.

AMCHAM / U.S. BUSINESS

16. (SBU) Bastian met representatives of U.S. companies at a reception in his honor and attended a luncheon with board members of the U.S. - Uruguay Chamber of Commerce. During the lunch, Lacalle economic advisor Ignacio de Posadas explained that Uruguay had escaped more serious effects from the global crisis as a result of weathering its own regional crisis in 2002. He said the 2008 drop in commodity prices was moderate, and company and household debt levels were relatively low. He commented that while exports had been the engine of growth in the past, domestic consumption, fueled by real wage increases, kept GDP figures buoyant. On regional commercial relations, De Posadas commented that Brazil was more important to Uruguay than the U.S. "The U.S. is important, but Uruguay would need to wait and see how the U.S./Brazil relationship developed in order to determine where it could fit in," he added.

BASTIAN,S MEETING WITH MUJICA AND ASTORI

17. (SBU) The ruling Frente Amplio (FA) coalition presidential candidate and running mate visited the Embassy October 2 to meet with Bastian. It was the first-ever visit to the Embassy of presidential candidate and Senator Jose Mujica, who was accompanied by his running mate, Senator Danilo Astori. Bastian began by explaining Obama administration priorities in the region. He acknowledged the always-high

level of local curiosity about the possibility of a bilateral free trade agreement, and explained the unlikelihood of beginning negotiations while agreements with Colombia, Panama, and South Korea are still pending. Instead, Bastian said, both sides should continue moving forward using the existing bilateral Trade and Investment Framework Agreement (TIFA), which he described as a model. Specifically, Bastian noted the possibility of progress in the areas of customs facilitation and government procurement. Examining additional ways to deepen the bilateral relationship, Bastian suggested bringing U.S. researchers from targeted academic specialties to Uruguay; strengthening and expanding programs involving student exchanges; and sharing U.S. expertise in areas such as how to involve small and medium-sized businesses in government procurement. Bastian summed up by saying that the U.S. and Uruguay have many shared challenges (e.g. climate change), and that the U.S. wants to be working closely with whatever government comes to power after Uruguay's presidential elections in late 2009.

18. (SBU) Mujica responded enthusiastically to Bastian's suggestions, lamenting Uruguay's lack of a scientific research establishment and the flight to countries with better prospects by Uruguay's most talented young scientists and researchers. As he often does in public, Mujica unfavorably contrasted Uruguay with New Zealand, a country he had visited that impressed him with its seriousness of purpose and foresight. Astori extolled the TIFA and our bilateral investment treaty (BIT) as two "excellent" instruments that have already produced tangible results (e.g. the opening of the U.S. market to Uruguayan blueberries), and noted that much progress in the bilateral relationship could be made using those tools. Both Mujica and Astori stressed to Bastian their interest in excellent relations with the U.S.

PRESS

19. (U) Bastian participated in a press round table following up on a joint interview he gave to a group of Uruguayan journalists who traveled to Washington as part of an Embassy Public Diplomacy program.
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